

CITY OF OGDEN
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2005

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditors' Report	5-6
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Statement of Activities and Net Assets – Cash Basis	A 9-10
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 11
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 12
Notes to Financial Statements	14-21
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds	23-24
Notes to Required Supplementary Information – Budgetary Reporting	25
Other Supplementary Information:	<u>Schedule</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1 27-28
Schedule of Indebtedness	2 29-30
Loan Maturities	3 31
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	4 32
Schedule of Expenditures of Federal Awards	5 33
Independent Auditors' Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	36-37
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133	38 -39
Schedule of Findings	40-45

City of Ogden

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Trueblood	Mayor	Jan 2006
Brian Reimers	Council Member/Mayor Pro tem	Jan 2006
Lyle Conklin	Council Member	Jan 2006
Lori Anderson	Council Member	Jan 2008
Margaret Liston	Council Member	Jan 2008
Sean Thompson	Council Member	Jan 2008
Judy Wallace	City Clerk/Treasurer	Indefinite
Lee Johnson	Attorney	Indefinite

City of Ogden

CLINE, DeVRIES & ALLEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

316 S. Duff Suite B – PO Box 187
Ames, Iowa 50010
Phone: 515-233-4060 FAX: 515-233-3703

13375 University Ave, Suite 203
Clive, Iowa 50325
Phone: 515-252-7141 FAX: 515-252-7073

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's primary government financial statements listed in the table of contents. These primary government financial statements are the responsibility of the City of Ogden's management. Our responsibility is to express opinions on these primary government financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these primary government financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden as of June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2005 on our consideration of the City of Ogden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The City has not presented management's discussion and analysis which introduces the primary government financial statements by presenting certain financial information as well as

management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the primary government financial statements.

Budgetary comparison information on pages 23 through 25 is not a required part of the primary government financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the City of Ogden's primary government financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the primary government financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in our audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

November 10, 2005
Ames, Iowa

City of Ogden

Basic Financial Statements

City of Ogden

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2005

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions, and Restrictred Interest	Capital Grants, Contributions and Restrictred Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 234,982	11,686	21,226	-
Public works	271,223	-	195,269	-
Health and social services	16,600	-	-	-
Culture and recreation	165,513	4,643	87,232	-
Community and economic development	17,829	-	-	-
General government	137,668	2,182	16,739	-
Debt service	80,382	-	-	-
Capital projects	158,942	-	-	-
Total governmental activities	1,083,139	18,511	320,466	-
Business type activities:				
Sewer	1,883,097	201,649	-	313,654
Total	\$ 2,966,236	220,160	320,466	313,654

General Receipts:

Property tax levied for:

General purposes

Employee benefits

Debt service

Utility franchise tax

Bank franchise tax

Local option sales tax

Unrestricted interest on investments

Dividend

Miscellaneous

SRF loan proceeds, net of fees

Rent

Sale of fixed assets

Transfers

Total general receipts and transfers

Change in cash basis net assets

Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:

Streets

Debt service

Other purposes

Unrestricted

Total cash basis net assets

See notes to financial statements.

Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
(202,070)	-	(202,070)
(75,954)	-	(75,954)
(16,600)	-	(16,600)
(73,638)	-	(73,638)
(17,829)	-	(17,829)
(118,747)	-	(118,747)
(80,382)	-	(80,382)
(158,942)	-	(158,942)
(744,162)	-	(744,162)
-	(1,367,794)	(1,367,794)
(744,162)	(1,367,794)	(2,111,956)
311,875	-	311,875
77,395	-	77,395
33,242	-	33,242
8,247	-	8,247
2,343	-	2,343
121,179	-	121,179
7,837	7,860	15,697
38,000	-	38,000
66	-	66
-	1,475,005	1,475,005
14,922	-	14,922
341	-	341
-	-	-
615,447	1,482,865	2,098,312
(128,715)	115,071	(13,644)
688,137	372,017	1,060,154
\$ 559,422	487,088	1,046,510
\$ 234,825	-	234,825
(5,922)	-	(5,922)
60,733	-	60,733
269,786	487,088	756,874
559,422	487,088	1,046,510

City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2005

	General	Special Revenue Road Use Tax	Other Nonmajor Governmental Funds	Total
Receipts:				
Property tax	\$ 311,875	-	110,637	422,512
Other city tax	129,426	-	-	129,426
Licenses and permits	2,182	-	-	2,182
Use of money and property	60,759	-	-	60,759
Intergovernmental	67,281	168,204	17,700	253,185
Charges for service	2,893	-	-	2,893
Miscellaneous	82,543	-	583	83,126
Total receipts	656,959	168,204	128,920	954,083
Disbursements:				
Operating:				
Public safety	234,982	-	-	234,982
Public works	124,282	146,941	-	271,223
Health and social services	16,600	-	-	16,600
Culture and recreation	165,513	-	-	165,513
Community and economic development	17,829	-	-	17,829
General government	137,668	-	-	137,668
Debt service	-	-	80,382	80,382
Capital projects	-	-	158,942	158,942
Total disbursements	696,874	146,941	239,324	1,083,139
Excess (deficiency) of receipts over (under) disbursements	(39,915)	21,263	(110,404)	(129,056)
Other financing sources (uses):				
Sale of fixed assets	341	-	-	341
Operating transfers in	77,395	-	61,759	139,154
Operating transfers out	(51,759)	(10,000)	(77,395)	(139,154)
Total other financing sources (uses)	25,977	(10,000)	(15,636)	341
Net change in cash balances	(13,938)	11,263	(126,040)	(128,715)
Cash balances beginning of year	299,232	223,562	165,343	688,137
Cash balances end of year	\$ 285,294	234,825	39,303	559,422
Cash Basis Fund Balances				
Reserved:				
Debt service	\$ -	-	(5,922)	(5,922)
Unreserved:				
General fund	285,294	-	-	285,294
Special revenue funds	-	234,825	-	234,825
Capital projects funds	-	-	(15,508)	(15,508)
Permanent funds	-	-	60,733	60,733
Total cash basis fund balances	\$ 285,294	234,825	39,303	559,422

See notes to financial statements.

City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2005

	Enterprise
	Sewer
	Rental
Operating receipts:	
Charges for service	\$ 201,649
Total operating receipts	<u>201,649</u>
Operating disbursements:	
Business type activities	<u>1,865,560</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(1,663,911)</u>
Non-operating receipts (disbursements):	
Intergovernmental	313,654
Interest on investments	7,860
SRF loan proceeds	1,475,005
Debt service	<u>(17,537)</u>
Total non-operating receipts (disbursements)	<u>1,778,982</u>
Excess (deficiency) of receipts over (under) disbursements	115,071
Cash balances beginning of year	<u>372,017</u>
Cash balances end of year	<u><u>\$ 487,088</u></u>
Cash Basis Fund Balances	
Unreserved	<u><u>\$ 487,088</u></u>

See notes to financial statements.

City of Ogden

City of Ogden
Notes to Financial Statements
June 30, 2005

(1) Summary of Significant Accounting Policies

The City of Ogden is a political subdivision of the State of Iowa located in Boone County. It was first incorporated in 1875 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Ogden has included all funds, organizations, agencies, boards, commissions and authorities, except for its component unit, the Ogden Municipal Utilities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's primary government financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These primary government financial statements present the City of Ogden (the primary government) and exclude the component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. It has not been included in these primary government financial statements which present the primary government only. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its administrative office.

Component Unit

The Ogden Municipal Utilities (Utilities) was established to operate the City's electric and water facilities. The Utilities are governed by a three member Board of Trustees appointed by the Mayor and approved by the City Council. Title to all property of the Utilities is held in the name of the City. A financial benefit/burden relationship exists between the City and the Utilities in that the City is authorized by statute to issue general obligation debt for a city utility, and may certify taxes for the payment of the debt.

Jointly Governed Organizations

The City participates in four jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards: Community Services Board, Boone County E911 Service Board, Boone County Conservation Board, and the Red Rock Area Community Action Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The City reports the following major proprietary fund:

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system. Also accounted for in this fund are payments of principal and interest on the City's long-term sewer debt.

C. Measurement Focus and Basis of Accounting

The City of Ogden maintains its financial records on the basis of cash receipts and disbursements and the primary government financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the primary government financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public works function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City owns 560 shares of \$25 par value common stock of the Ogden Telephone Company, of which 140 shares (\$100 par value) were acquired by donation and another 420 shares were acquired by stock splits. In 1972, when the stock was donated, there was no market value, therefore it is not included in the cash and investments balance.

Although this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. At this time, the City has decided not to dispose of the stock due to market conditions.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk - The City's investment in the Ogden Telephone Company stock is unrated.

(3) Loans Payable/Revenue Bonds

On December 4, 1998, the City entered into a loan agreement with City State Bank of Ogden, Iowa in the amount of \$220,000. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 5.25% per annum.

On December 15, 2000, the City entered into a loan agreement with City State Bank of Ogden, Iowa in the amount of \$130,000. The loan proceeds were used to help pay for the City's new fire truck. The City is obligated to repay the loan in annual installments of \$13,000 plus interest at 6.75% per annum.

On December 10, 2002, the City entered into a loan agreement with City State Bank of Ogden, Iowa in the amount of \$203,250. The loan proceeds were used for a storm sewer project. The City is obligated to repay the loan in annual installments in the amounts set forth in the loan agreement, including interest at 4.90% per annum.

Annual debt service requirements to maturity for the City's loans payable and revenue bonds are as follows:

Year Ending June 30,	Storm Sewer Loan		Fire Truck Loan		Storm Sewer Loan		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 28,000	3,675	13,000	4,827	20,325	7,471	74,000	60,000	135,325	75,973
2007	28,000	2,205	13,000	3,950	20,325	6,475	77,000	57,780	138,325	70,410
2008	28,000	735	13,000	3,080	20,325	5,493	79,000	55,470	140,325	64,778
2009	-	-	13,000	2,195	20,325	4,483	81,000	53,100	114,325	59,778
2010	-	-	13,000	1,318	20,325	3,487	84,000	50,670	117,325	55,475
2011-2015	-	-	12,565	440	60,975	4,488	458,000	214,080	531,540	219,008
2016-2020	-	-	-	-	-	-	531,000	141,150	531,000	141,150
2021-2025	-	-	-	-	-	-	616,000	56,580	616,000	56,580
Total	\$ 84,000	6,615	77,565	15,810	162,600	31,897	2,000,000	688,830	2,324,165	743,152

The resolution providing for the issuance of the revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account within the Enterprise funds for the purpose of making the bond principal and interest payments when due.
- (c) Once the required transfers to the Sinking fund have been made, all of the remaining net revenues shall be put into a Surplus fund.

The City is not in compliance with these provisions at June 30, 2005.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll, except for police employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for police employees and the City were 5.93% and 8.907%, respectively, and for the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$21,296, \$19,340 and \$18,376, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory and holiday hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2005, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 10,967
Compensatory time	<u>9,542</u>
Total	<u>\$ 20,509</u>

This liability has been computed based on rates of pay in effect at June 30, 2005.

Sick leave is payable when used. It is not paid upon termination, retirement or death.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue: Employee Benefits	\$ 77,395
Debt Service	General	18,705
Capital Projects: Truck	Special Revenue: Road Use Tax	10,000
Police Car	General	6,524
Park Restroom	General	26,530
		43,054
Total		\$ 139,154

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(7) Related Party Transactions

The City had business transactions between the City and City officials during the year ended June 30, 2005 totaling \$6,140.

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Health Insurance

The City contributes money to a Health Savings Account for each employee to pay a portion of each employee's deductible. Employees on the single plan have a \$2,000 deductible and the City pays \$1,500 of the total. Employees on the family plan have a deductible of \$4,000 and the City pays \$2,500 of the deductible.

(10) Fire Advisory Board

The City, in conjunction with six townships has created the Fire Advisory Board. The Board was established for the primary purpose of providing fire protection and emergency response services. The Board is composed of the Township Trustees, the City's Council members and the Fire Chief.

Township Trustees levy taxes to pay for their portion of the fire and emergency expenses based on population, annual average number of calls, and assessed value of real estate in the area served. The Townships reimburse the City for their portion of the expenses, including half of the payments for the fire truck; therefore, the City has an ongoing financial interest.

(11) Capital Lease

The City has a copier under an agreement that includes payment for service and supplies. Under this agreement approximately \$49 per month is paid for service and supplies. The remainder paid is classified as a capital lease payment given the terms of the agreement. The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments are as follows:

Future minimum lease payments:

2006	\$ 600
2007	600
2008	600
2009	<u>500</u>
Total	2,300
Less amount representing interest	<u>(303)</u>
Present value	<u><u>\$1,997</u></u>

(12) Lease

The Library has entered into a lease agreement with Infomax for a copier. The lease expires January 24, 2007. Total lease payments during the year were \$1,200.

(13) Deficit Fund Balances

The Capital Projects, Bike Trail Fund had a deficit balance of \$77,771 at June 30, 2005. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated by a transfer in the next fiscal year.

The Capital Projects, L.P. Park Fund had a deficit balance of \$2,434 at June 30, 2005. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated through a transfer in the next fiscal year.

The Debt Service Fund had a deficit balance of \$5,922 at June 30, 2005. The deficit account balance was a result of principal and interest paid out on the City's general obligation long-term debt. The deficit will be eliminated upon receipt of property taxes and transfers in the next fiscal year.

(14) Construction Commitment

The City entered into a construction contract for improvements to the wastewater treatment facility totaling \$1,947,000. As of June 30, 2005, the remaining balance is \$307,095.

The City also entered into construction contracts for street resurfacing and the city park toilet facility, totaling \$88,896 and \$50,743, respectively. As of June 30, 2005, the remaining balances are \$88,896 and \$3,474, respectively.

(15) Litigation

A local resident has filed a Petition against the City of Ogden stating that actions on the part of the Ogden Municipal Utilities caused a fire in his home. The amount of monetary damages sought is not stated in the Petition but it is anticipated the value of the destroyed home and contents would not exceed \$150,000. The City has insurance which would cover up to \$3,000,000 of damages. The case is in discovery and the City intends to vigorously defend the case.

Required Supplementary Information

City of Ogden
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2005

	Governmental Funds Actual	Proprietary Funds Actual	Net
Receipts:			
Property tax	\$ 422,512	-	422,512
Other city tax	129,426	-	129,426
Licenses and permits	2,182	-	2,182
Use of money and property	60,759	7,860	68,619
Intergovernmental	253,185	313,654	566,839
Charges for service	2,893	201,649	204,542
Miscellaneous	83,126	-	83,126
Total receipts	<u>954,083</u>	<u>523,163</u>	<u>1,477,246</u>
Disbursements:			
Public safety	234,982	-	234,982
Public works	271,223	-	271,223
Health and social services	16,600	-	16,600
Culture and recreation	165,513	-	165,513
Community and economic development	17,829	-	17,829
General government	137,668	-	137,668
Debt service	80,382	-	80,382
Capital projects	158,942	-	158,942
Business type activities	-	1,883,097	1,883,097
Total disbursements	<u>1,083,139</u>	<u>1,883,097</u>	<u>2,966,236</u>
Excess (deficiency) of receipts over (under) disbursements	(129,056)	(1,359,934)	(1,488,990)
Other financing sources, net	<u>341</u>	<u>1,475,005</u>	<u>1,475,346</u>
Excess (deficiency) of receipts and other financing sources over disbursements	(128,715)	115,071	(13,644)
Balances beginning of year	<u>688,137</u>	<u>372,017</u>	<u>1,060,154</u>
Balances end of year	<u>\$ 559,422</u>	<u>487,088</u>	<u>1,046,510</u>

See accompanying independent auditors' report.

Budgeted Amounts		Final to
Original	Final	Net Variance
417,592	417,592	4,920
123,701	123,701	5,725
2,325	2,325	(143)
81,580	81,580	(12,961)
1,426,515	2,561,244	(1,994,405)
193,270	193,270	11,272
6,000	6,000	77,126
2,250,983	3,385,712	(1,908,466)
258,464	258,464	23,482
269,859	269,859	(1,364)
17,400	17,400	800
180,231	180,231	14,718
18,500	18,500	671
140,002	150,002	12,334
80,642	80,642	260
158,200	182,200	23,258
1,195,647	2,330,376	447,279
2,318,945	3,487,674	521,438
(67,962)	(101,962)	(1,387,028)
-	-	1,475,346
(67,962)	(101,962)	88,318
1,999,940	1,999,940	(939,786)
1,931,978	1,897,978	(851,468)

City of Ogden

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$1,134,729 and budgeted disbursements by \$1,168,729. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public works function.

Other Supplementary Information

City of Ogden

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue		Capital		
	Employee Benefits	Debt Service	Truck	Police Car	Storm Sewer
Receipts:					
Property tax	\$ 77,395	33,242	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total receipts	77,395	33,242	-	-	-
Disbursements:					
Debt Service	-	80,382	-	-	-
Capital projects	-	-	-	31,024	-
Total	-	80,382	-	31,024	-
Excess (deficiency) of receipts over (under) disbursements	77,395	(47,140)	-	(31,024)	-
Other financing sources (uses):					
Operating transfers in	-	18,705	10,000	6,524	-
Operating transfers out	(77,395)	-	-	-	-
Total other financing sources (uses)	(77,395)	18,705	10,000	6,524	-
Net change in cash balances	-	(28,435)	10,000	(24,500)	-
Cash balances beginning of year	-	22,513	40,000	24,500	8,568
Cash balances end of year	\$ -	(5,922)	50,000	-	8,568
Cash Basis Fund Balances					
Reserved:					
Debt service	\$ -	(5,922)	-	-	-
Unreserved:					
Capital projects funds	-	-	50,000	-	8,568
Permanent fund	-	-	-	-	-
Total cash basis fund balances	\$ -	(5,922)	50,000	-	8,568

See accompanying independent auditors' report.

Projects			Permanent		Total
L.P. Park	Bike Trail	Park Restrooms	Cemetery Perpetual Care	Cemetery Mausoleum	
-	-	-	-	-	110,637
-	17,700	-	-	-	17,700
-	-	-	583	-	583
-	17,700	-	583	-	128,920
-	-	-	-	-	80,382
-	43,859	84,059	-	-	158,942
-	43,859	84,059	-	-	239,324
-	(26,159)	(84,059)	583	-	(110,404)
-	-	26,530	-	-	61,759
-	-	-	-	-	(77,395)
-	-	26,530	-	-	(15,636)
-	(26,159)	(57,529)	583	-	(126,040)
(2,434)	(51,612)	63,658	42,688	17,462	165,343
(2,434)	(77,771)	6,129	43,271	17,462	39,303
-	-	-	-	-	(5,922)
(2,434)	(77,771)	6,129	-	-	(15,508)
-	-	-	43,271	17,462	60,733
(2,434)	(77,771)	6,129	43,271	17,462	39,303

City of Ogden
Schedule of Indebtedness
Year ended June 30, 2005

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Storm sewer	Mar. 2, 1998	5.25%	\$ 220,000
Fire truck	Dec. 15, 2000	6.75	130,000
Storm sewer	Dec. 10, 2002	4.90	203,250
Revenue Bonds:			
Sewer	Jun. 1, 2004	3.00%	\$ 2,000,000

See accompanying independent auditors' report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
112,000	-	28,000	84,000	5,145	-
90,565	-	13,000	77,565	5,428	-
182,925	-	20,325	162,600	8,484	-
<u>\$ 385,490</u>	<u>-</u>	<u>61,325</u>	<u>324,165</u>	<u>19,057</u>	<u>-</u>
<u>\$ -</u>	<u>1,495,005</u>	<u>20,000</u>	<u>1,475,005</u>	<u>17,537</u>	<u>-</u>

City of Ogden
Loan Maturities
Year ended June 30, 2005

Year Ending June 30,			Loans Payable				Total
	Storm Sewer		Fire Truck		Storm Sewer		
	Issued Mar 4, 1998		Issued Dec 15, 2000		Issued Dec 10, 2002		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rate	Amount	
2006	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2007	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2008	5.25%	28,000	6.75%	13,000	4.90%	20,325	61,325
2009	-	-	6.75%	13,000	4.90%	20,325	33,325
2010	-	-	6.75%	13,000	4.90%	20,325	33,325
2011	-	-	6.75%	12,565	4.90%	20,325	32,890
2012	-	-	-	-	4.90%	20,325	20,325
2013	-	-	-	-	4.90%	20,325	20,325
Total		\$ 84,000		\$ 77,565		\$ 162,600	\$ 324,165

Year Ending June 30,	Sewer Revenue Bonds	
	Issued Jun 1, 2004	
	Interest Rates	Amount
2006	3.00%	74,000
2007	3.00%	77,000
2008	3.00%	79,000
2009	3.00%	81,000
2010	3.00%	84,000
2011-2015	3.00%	458,000
2016-2020	3.00%	531,000
2021-2025	3.00%	616,000
Total		<u>\$ 2,000,000</u>

Note: The above amortization schedule, as well as the amortization schedule in Note 3 is based upon the City borrowing the maximum amount of \$2,000,000 under the loan. As of June 30, 2005, the City has only borrowed \$1,495,005, of which \$1,475,005 is outstanding.

See accompanying independent auditors' report.

City of Ogden

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Two Years

	2005	2004
Receipts:		
Property tax	\$ 422,512	\$ 438,019
Other city tax	129,426	133,289
Licenses and permits	2,182	2,422
Use of money and property	60,759	49,594
Intergovernmental	253,185	356,246
Charges for service	2,893	707
Miscellaneous	83,126	83,796
Total	<u>\$ 954,083</u>	<u>\$ 1,064,073</u>
Disbursements:		
Operating:		
Public safety	\$ 234,982	\$ 218,541
Public works	271,223	244,698
Health and social services	16,600	16,922
Culture and recreation	165,513	139,866
Community and economic development	17,829	42,653
General government	137,668	124,161
Debt service	80,382	84,015
Capital projects	158,942	182,988
Total	<u>\$ 1,083,139</u>	<u>\$ 1,053,844</u>

See accompanying independent auditors' report.

City of Ogden
Schedule of Expenditures of Federal Awards
Year ended June 30, 2005

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Indirect:			
U.S. Environmental Protection Agency			
Agency:			
Iowa Department of Natural Resources:			
Capitalization Grants for State Revolving Funds	66.458		\$ 1,221,468
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program	14.228	03-WS-094	<u>313,654</u>
Total			<u>\$ 1,535,122</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Ogden and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditors' report.

Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

City of Ogden

CLINE, DeVRIES & ALLEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

316 S. Duff Suite B – PO Box 187
Ames, Iowa 50010
Phone: 515-233-4060 FAX: 515-233-3703

13375 University Ave, Suite 203
Clive, Iowa 50325
Phone: 515-252-7141 FAX: 515-252-7073

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the primary government financial statements of the City of Ogden, Iowa, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 4, 2005. Our report expressed an unqualified opinion on the primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ogden's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Ogden's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in Part II of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-05 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ogden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ogden and other parties to whom the City of Ogden may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ogden during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

November 10, 2005
Ames, Iowa

CLINE, DeVRIES & ALLEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

316 S. Duff Suite B – PO Box 187
Ames, Iowa 50010
Phone: 515-233-4060 FAX: 515-233-3703

13375 University Ave, Suite 203
Clive, Iowa 50325
Phone: 515-252-7141 FAX: 515-252-7073

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council:

Compliance

We have audited the compliance of the City of Ogden, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2005. City of Ogden's major federal program is identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Ogden's management. Our responsibility is to express an opinion on the City of Ogden's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ogden's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Ogden's compliance with those requirements.

In our opinion, the City of Ogden complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005. However, the results of our auditing procedures disclosed an instance of non-compliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described as item III-A-05 in the accompanying Schedule of Findings.

Internal Control Over Compliance

The management of the City of Ogden is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Ogden's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over

compliance that, in our judgment, could adversely affect the City of Ogden's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grant agreements. The reportable condition is described as item III-A-05 in the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item III-A-05 is a material weakness.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ogden and other parties to whom the City of Ogden may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

November 10, 2005
Ames, Iowa

City of Ogden
Schedule of Findings
Year ended June 30, 2005

Part I: Summary of the Independent Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A reportable condition in internal control over financial reporting was disclosed by the audit of the financial statements, including one material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A reportable condition in internal control over the major program was disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Number 66.458 – Capitalization Grants for State Revolving Funds and CFDA 14.228 – Community Development Block Grants/State's Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Ogden did not qualify as a low-risk auditee.

City of Ogden
Schedule of Findings
Year ended June 30, 2005

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

II-A-05 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that certain functions are not entirely segregated.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

City of Ogden
Schedule of Findings

Year ended June 30, 2005

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCE OF NON-COMPLIANCE:

None.

REPORTABLE CONDITION:

CFDA Number 66.458: Capitalization Grants for State Revolving Funds
Federal Award Year: 2005
Environmental Protection Agency
Passed through the Iowa Department of Natural Resources

- III-A-05 Segregation of Duties over Federal Receipts – The City did not properly segregate collection, deposit and record-keeping for receipts, including those related to federal programs. See item II-A-05.

City of Ogden
Schedule of Findings
Year ended June 30, 2005

Part IV: Other Findings Related to Statutory Reporting:

IV-A-05 Official Depositories – A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

IV-B-05 Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amounts budgeted in the public works function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – Although the budget was amended, it should have been amended in amounts that were sufficient to avoid actual disbursements from exceeding the budget.

Response – The budget will be amended in the future in appropriate amounts.

Conclusion – Response accepted.

IV-C-05 Questionable Disbursements – Certain disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. The disbursements noted were for refreshments, retirement gifts, and flowers.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

IV-D-05 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-E-05 Business Transactions – Business transactions between the City and City officials or employees were as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Anthony Conklin, son of Council Member	Labor, materials	\$5,300
Brian Reimers, Council Member	Labor	820
Ethan Bailey, son of Employee	Labor	20

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the first individual appears to represent a conflict of interest since the total dollar amount is over \$2,500. The transactions with the last two individuals do not appear to represent conflicts of interest since total transactions with each individual were less than \$2,500 during the fiscal year.

Recommendation – The Council should contact their legal counsel to determine the disposition of this matter.

Response – We will do so.

Conclusion – Response accepted.

IV-F-05 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-05 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-05 Deposits and Investments – The City's investment policy is not in accordance with the provisions of Chapter 12B and 12C of the Code of Iowa. The policy refers to outdated sections of the Iowa Code.

Recommendation – The investment policy should be revised to comply with these provisions.

Response – We will do so.

Conclusion – Response accepted.

IV-I-05 Financial Condition – The Capital Projects, Bike Trail Fund had a deficit balance at June 30, 2005 of \$77,771. The Capital Projects, L.P. Park Fund had a deficit balance at June 30, 2005 of \$2,434, and the Debt Service Fund had a deficit balance of \$5,922.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

Response – The deficit in the Bike Trail fund will be eliminated by a transfer of local option tax monies. The deficit in the L.P. Park Fund will be eliminated by a reimbursement from the Ogden Community Development Corporation.

City of Ogden

Schedule of Findings

Year ended June 30, 2005

Conclusion – Response accepted.

- IV-J-05 Telephone Company Stock – The City owns 560 shares of \$100 par value common stock of the Ogden Telephone Company, of which 140 shares were acquired by donation and another 420 shares were acquired by stock splits.

Although, this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. The stock is not readily marketable, and thus no market value of the shares is determinable.

- IV-K-05 Revenue Bonds – The City is not in compliance with the provisions of the Sewer Revenue Bonds. They are required to make monthly payments into a sinking fund and to set up a Sewer Surplus fund. Neither of the funds have been established as of June 30, 2005.

Recommendation – The City should add the required funds into their accounting system and make sure the proper transfers are made and the minimum balances are met.

Response – We will do so.

Conclusion – Response accepted.

- IV-L-05 Form 1099's – The City did not properly prepare Form 1099's as required by the Internal Revenue Service.

Recommendation – The City should prepare 1099's as required.

Response – We will do so.

Conclusion – Response accepted.

- IV-M-05 Sales Tax – The City is not properly assessing sales tax on all required transactions as required by Chapters 423.2 and 423.3 of the Code of Iowa. Sales tax was not charged on some adult recreational league fees.

Recommendation – The City should file corrected sales tax returns for past periods and in the future, they should assess sales tax as required by the Code of Iowa.

Response – We will do so.

Conclusion – Response accepted.
